

EXHIBIT 142

Critics point finger at CCA: For-profit prison operator taken to task for campaign giving, operations

May 5th, 2014 | by Louie Brogdon | in Local Regional News | Read Time: 6 mins. |



In this file photograph from 2000, an inmate walks across the yard inside the razor-wire fence at the CCA Silverdale Correctional Facility on Standifer Gap Road.

Photo by John Rawlston /Times Free Press.

The American Civil Liberties Union has started a statewide campaign against the largest private prison company in the nation, but county officials say there's no plan to end a 30-year-old local contract with Corrections Corporation of America.

Nashville-based CCA is a private company that contracts with governments throughout the country to operate prisons and correctional facilities. It is the largest private prison system nationwide, and the fifth largest prison system in the country -- behind only the federal government and three states.

Securities and Exchange Commission reports show the company had net income of \$157 million in 2010, with \$1.6 billion in revenue. The company detains 70,000 inmates in more than 60 facilities and can accommodate up to 80,000, according to the company. It runs six prisons in Tennessee, and has operated Hamilton County's Silverdale facility -- now at 1,062 beds -- since 1984.



Should prisons be run by for-profit companies?

- ☒ Yes
- ☐ No

Submit Results

What Hamilton County taxpayers have paid Corrections Corporation of America to run Silverdale over the last five years.

2010 - \$12.7 million

2011 - \$13.5 million

2012 - \$13.1 million

2013 - \$13.1 million

2014 - \$13.1 million

Total - \$65.7 million

ADVERTISING



ACLU of Tennessee says CCA has broken its pledge to run jails better, and cheaper, than government. It also criticizes the company for trying to direct politics through lobbying, litigation and campaign contributions.

"Government has an interest, for a number of reasons, for reducing recidivism, but CCA has interests in ensuring their facilities are full," said Hedy Weinberg, ACLU of Tennessee's executive director.

Weinberg said for-profit corporations shouldn't be in the business of limiting people's freedoms, because the business model inherently runs counter to the public's interest.

"Risk factors for their business include reductions in crime rates, lower minimum sentences for nonviolent drug charges and cost-saving measures like greater use of probation and electronic monitoring," Weinberg said.

All of those measures would reduce the number of people locked up, and save tax dollars, she said.

In its Form 10-K annual report filed in 2012 with the U.S. Securities and Exchange Commission, CCA stated it does not engage in "lobbying or advocacy efforts that would influence enforcement efforts, parole standards, criminal laws, and sentencing policies."

But Carl Takei, a staff attorney for the ACLU National Prison Project, wrote recently that, "The company spends heavily on both campaign contributions and lobbying."

In 2011, Takei wrote, CCA gave \$710,300 in political contributions to candidates for federal or state office, political parties, and 527 groups (political action campaigns and super-political action campaigns). That same year, CCA spent \$1.07 million lobbying federal officials and an undisclosed amount lobbying state officials.

Five Tennessee politicians are among the top 10 individuals who received the most contributions from CCA's employees, their family members, and the company's political action committee, according to the Influence Explorer, a website that's a project of The Sunlight Foundation, which describes itself as "a nonpartisan nonprofit that advocates for open government globally and uses technology to make government more accountable to all."

The foundation reported the following Tennessee politicians receiving the following amounts starting as early as 1993 through 2013:

- U.S. Sen. Lamar Alexander, \$63,450
- U.S. Sen. Bob Corker, \$51,450
- Gov. Bill Haslam, \$43,575
- Former U.S. Rep. Zach Wamp, \$26,000
- Former U.S. Sen. Fred Thompson, \$25,400

At the federal level, CCA has spent \$131,900 on political contributions since the start of 2013.

Some of that went toward Tennessee politicians. Rep. Chuck Fleischmann, R-Tenn., received \$5,000; Rep. Steve Fincher, R-Tenn., got \$1,500; Rep. Diane Black, R-Tenn., accepted \$1,250; and Rep. Marsha Blackburn, R-Tenn., was given \$1,000.

Here in Hamilton County, a female former inmate has sued the company because she said its guards kept her shackled while she delivered a baby at Erlanger hospital. And the company is under federal investigation for allegedly falsifying guard schedules, payments and staffing records at an Idaho facility.

Hamilton County Mayor Jim Coppinger said there's no reason to alter or terminate the county's \$13.1 million-a-year contract with CCA. He said the county keeps close tabs on operations.

"I don't know how the other [CCA facilities] are set up, but we do have a superintendent up there, who works for the county," Coppinger said. "We're under a contract with them, but I'm not aware of any issues."

In the last five years, county taxpayers have paid the company \$65.7 million, according to county budget documents.

Campaign finance disclosures show CCA contributed \$3,000 to Coppinger's re-election, but that's a drop in his \$134,000 campaign bucket.

"I haven't had any direct contact with them that I can remember," he said. "Whatever they contribute is not going to influence anything at all."

The county has periodically audited billing statements and commissary funds for CCA, according to Auditor Bill McGri. But no regular financial auditing is performed, he said.

There's no regular auditing of violence reports at Silverdale, either.

Barbara Payne, director of the county corrections department, could not immediately provide violence reports for the Silverdale facility, but she said the county is very involved in Silverdale. CCA isn't running its own show.

"We probably have as much or more input than any other facility CCA operates. We have a staff out there that's very hands-on. The superintendent walks the grounds just like the warden does," Payne said.

For its part, CCA rejects the ACLU campaign and said the organization's "logic is deeply flawed."

Citing Temple University economists, company spokesman Jonathan Burns said in a prepared statement that for-profit prisons save taxpayers 17 percent in corrections costs.

"Those are funds that can be used for additional rehabilitation programming and other public safety priorities," Burns said. "With this misguided effort, the ACLU is advocating for higher taxpayer costs and reduced flexibility for state leaders to manage their inmate populations in a safe, secure and humane way."

Saying that the company is private, Burns declined to share financial records about Silverdale. He also said in an email that CCA does not compile comprehensive violence reports at its facilities.

However, he added, "All of our facilities comply with our federal, state and local government partners' reporting requirements."

He added that all of the company's facilities are independently audited and accredited by the American Correctional Association.

The ACLU is not the only group challenging CCA.

Last month, a woman sued the company after she said that while she was an inmate at Silverdale, guards kept her shackled before, during and after she gave birth at Erlanger.

In that lawsuit, Charity Flerl says she was arrested and sent to Silverdale in June 2013 for being \$1,000 behind on child support payments.

She went into labor in September 2013, and two CCA guards bound her hands, feet and waist before she was taken to the hospital, according to the lawsuit. Her arm remained shackled while she gave birth.

In a response to the lawsuit filed recently, CCA attorneys said Flerl was not in labor while she was being transported and they "deny all allegations of wrongdoing."

Further, the response claims Flerl was not restrained while she was giving birth and acknowledged that when she was in labor Flerl "did not pose an imminent threat of death, escape or serious bodily injury."

In another lawsuit last month, a federal judge in Idaho refused to pause a lawsuit against the Nashville-based company, after CCA asked to hold the proceedings while the FBI investigated the company separately for alleged criminal fraud.

The company said if its employees had to testify in the civil lawsuit, they could risk incriminating themselves in the criminal investigation. The court disagreed.

A group of inmates at the Idaho Correctional Center sued the company in 2012, saying a lack of prison guards created an unsafe situation that allowed the inmates to be attacked by a prison gang.

At the start of this year, the FBI started investigating CCA after an Associated Press investigation found the company falsified staffing level reports at the Idaho prison, which CCA has run for more than 10 years at a cost of \$29 million a year. The company later agreed to pay the state \$1 million to settle the understaffing issue.

Staff writer Tim Omarzu contributed to this report.

Contact staff writer Louie Brogdon at lbrogdon@timesfreepress.com or at 423-757-6481.

